



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

**STATE OF ARIZONA**  
**OFFICE OF THE**  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

**Independent Accountants' Report  
on Applying Agreed-Upon Procedures**

Stephen A. Owens, Director  
Department of Environmental Quality

Tom Manos, Chief Financial Officer  
Maricopa County, Arizona

We have performed the procedures enumerated below, which were agreed to by the Department of Environmental Quality and Maricopa County, solely to assist users in evaluating Maricopa County's compliance with the local government financial test requirements under Municipal Solid Waste Landfill Criteria, 40 Code of Federal Regulations (CFR), Part 258, during the year ended June 30, 2005, included in the certification letter dated September 28, 2007, from Maricopa County's Chief Financial Officer. Management is responsible for the County's compliance with these requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The Department of Environmental Quality is solely responsible for the sufficiency of these procedures. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and the associated findings are as follows:

1. We determined that, as of and for the year ended June 30, 2005, Maricopa County's ratio of cash plus marketable securities to total expenditures was greater than or equal to 0.05, and its ratio of annual debt service to total expenditures was less than or equal to 0.20.
2. The financial statements of Maricopa County as of and for the year ended June 30, 2005, were audited by the Office of the Auditor General. We determined that Maricopa County prepared its financial statements as of and for the year ended June 30, 2005, in conformity with U.S. generally accepted accounting principles for governments, except for two of the County's major enterprise funds (Maricopa Health Plan Fund and Arizona Long-Term Care System (ALTCS) Fund) and business-type activities, for which disclaimers of opinion were issued. However, as provided by paragraph §258.74(f)(1)(iii)(D) of 40 CFR, the Director of the Department of Environmental Quality deemed those financial statement opinion modifications insufficient to warrant the disallowance of the local government financial test to demonstrate the County's financial assurance for its solid waste landfill facilities in a letter to the County dated August 13, 2007.

3. We determined that the independent auditors' report issued on Maricopa County's financial statements as of and for the year ended June 30, 2005, was unqualified for all opinion units except for two of the County's major enterprise funds (Maricopa Health Plan Fund and ALTCS Fund) and business-type activities, which were disclaimers of opinion. However, the Director of the Department of Environmental Quality deemed those financial statement opinion modifications insufficient to warrant the disallowance of the local government financial test as previously described in agreed-upon procedure 2.
4. We determined that Maricopa County has not had an operating deficit greater than or equal to 5 percent of its total annual revenues for each of the past 2 years ended June 30, 2005.
5. We determined that Maricopa County's costs to be assured do not exceed 43 percent of its total annual revenues for the year ended June 30, 2005.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the addressees and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Should you have any questions concerning the contents of this report, please let us know.

Sincerely,

Dennis L. Mattheisen, CPA  
Financial Audit Director

September 28, 2007



# Maricopa County

Department of Finance

## Tom Manos

Chief Financial Officer

301 West Jefferson Street  
Suite 950

Phoenix, AZ 85003-2278

Phone: 602.506-3561

Fax 602.506-4451

www.maricopa.gov

September 28, 2007

Stephen A. Owens

Arizona Department of Environmental Quality

1110 W. Washington St.

Phoenix, AZ 85007

Dear Mr. Owens,

I am the Chief Financial Officer of Maricopa County. This letter is in support of the use of the financial test of self-insurance, to demonstrate financial responsibility for closure, post-closure care, or corrective actions, as specified in 40 CFR Part 258.74(f) Local Government Financial Test. Maricopa County warrants that it meets the requirements of paragraphs 258.74(f)(1) Financial Component, (f)(2) Public Notice Component, (f)(3) Recordkeeping and Reporting and (f)(4) Calculation of Costs to be Assured.

This local government entity is the owner or operator of the following municipal solid waste facilities for which financial assurance for closure or post-closure care is demonstrated through use of the financial test.

FACILITY NAME	ADDRESS	CLOSURE	POST- CLOSURE
Queen Creek	26402 B South Hawes Rd., Queen Creek, AZ 85242	\$ 4,248,197	\$ 2,173,149
Cave Creek	3955 E. Carefree Highway, Phoenix, AZ 85009	*	1,022,210
Hassayampa	32450 W. Salome Highway, Arlington, AZ 85322	*	902,734
New River	41835 N. Lake Pleasant Rd., New River, AZ	*	626,656

\* Landfill has been closed

For the purpose of background guidance and definition of terms used, the *State Support Document for the Local Government Financial Test, 40 CFR Part 258, Subpart G*, was relied upon. The document was prepared by the U.S. Environmental Protection Agency, Office of Solid Waste, dated November 27, 1996.

As the Chief Financial Officer, I certify the following under 40 CFR 258.74(f) of the Local Government Financial Test. The certifications made on the CFO Letter to the Director of the Department of Environmental Quality are supported by an independent auditors' "Special Report" which compares the certifications to the municipality's basic financial statements or Comprehensive Annual Financial Report (CAFR). The independent auditors' "Special Report" is included as part of this affidavit.

**Financial Component**

- ♦ As of June 30, 2005, Maricopa County had no outstanding general obligation bonds. All outstanding general obligation bonds were paid in full on July 1, 2004.
- ♦ The financial statements relied upon for this test was prepared in conformity with Generally Accepted Accounting Principles for Governments and are audited by the State of Arizona, Office of the Auditor General. A copy of the latest Comprehensive Annual Financial Report (CAFR) is included in the financial assurance packet.
- ♦ Maricopa County received on its 2005 Comprehensive Annual Financial Report unqualified opinions for all of its opinion units except for two of its major Enterprise Funds (Maricopa County Health Plan Fund and ALTCS Fund) and business-type activities, for which disclaimers of opinions were expressed. However, the Director of the State of Arizona, Department of Environmental Quality deemed the disclaimers of opinions were insufficient to warrant disallowance of use of the local government financial test in accordance with 40 CFR Part 258.74 (f)(1)(iii)(D).
- ♦ Maricopa County had an operating surplus in fiscal year 2003-04 and 2004-05. The schedule presenting the calculation of the operating surplus for the past two years is included in the financial assurance packet.
- ♦ Maricopa County has met the cash and marketable securities ratio requirements in accordance with 40 CFR Part 258.74 (f)(1)(i)(B)(1) for fiscal year 2004-05. The schedule presenting the calculation of the cash and marketable securities ratio for the year is included in the financial assurance packet.
- ♦ Maricopa County has met the debt service ratio requirements in accordance with 40 CFR Part 258.74 (f)(1)(i)(B)(2) for fiscal year 2004-05. The schedule presenting the calculation of the debt service ratio for the year is included in the financial assurance packet.

**Public Notice Component**

The fiscal year 2005 CAFR "Municipal Landfill Closure and Postclosure Care Costs" note to the financial statements presents the liability at June 30, 2005, for the closure and postclosure costs for all County landfills and transfer stations, and the remaining closure and postclosure costs to be accrued as the County's one remaining landfill is filled. The note also includes the fiscal year that this landfill is scheduled to be closed. The liability at June 30, 2005, includes the accrued costs for two landfills and transfer stations that are not required to be included in the financial test of self-insurance. The note conforms with the requirements of Governmental Accounting Standards Board Statement 18 which assures compliance with the public notice requirement as specified in 40 CFR 258.74 (f)(2).

**Calculation of Costs to be Assured**

The local government financial test can only be used to demonstrate financial assurance up to a maximum of 43 percent of the County's total annual revenues. The landfill closure and post-closure cost estimate represents approximately 0.4% of the total annual revenues for the past two fiscal years. Therefore, this mechanism provides assurance for all of the County's closure and post-closure costs.

I hereby certify that Maricopa County's financial position is such that the local government financial test requirements are satisfied. This certification letter, along with a copy of the fiscal year 2004-05 CAFR (including the audit report), will be maintained in the operating records of the Solid Waste Management department. In addition, a letter from the auditor certifying that accurate, reliable information was utilized to determine compliance with the financial test requirements will be added to the operating records when received.

Tom Manos  
Chief Financial Officer

cc: Amanda Stone, Director  
Waste Programs Division